

STATE OF MAINE

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

BUREAU OF INSURANCE

IN RE: REVIEW OF AGGREGATE )  
MEASURABLE COST SAVINGS )  
DETERMINED BY DIRIGO )  
HEALTH FOR THE THIRD )  
ASSESSMENT YEAR )  
Docket No. INS-07-900 )

**FILING COVER SHEET**

**TO: Superintendent, Bureau of Insurance**  
**Attn: Vanessa J. Leon**  
**#34 State House Station**  
**Augusta, Maine 04333-0034**

**DATE FILED:** September 12, 2007

**PARTY:** Maine Association of Health Plans

**DOCUMENT:** Responses of Intervenor Maine Association of Health Plans  
to Superintendent's Questions

**DOCUMENT TYPE:** Response

**CONFIDENTIALITY:** None.

/s/ D. Michael Frink

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D. Michael Frink, Esq., Bar No. 2637  
George M. Linge, Esq., Bar No. 9723  
CURTIS THAXTER STEVENS BRODER  
& MICOLEAU LLC  
One Canal Plaza, Suite 1000  
P.O. Box 7320  
Portland, Maine 04112-7320  
(207) 774-9000

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IN RE: REVIEW OF AGGREGATE  
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**RESPONSES OF INTERVENOR  
MAINE ASSOCIATION OF HEALTH  
PLANS TO SUPERINTENDENT'S  
QUESTIONS**

Docket No. INS-07-900 )

The Maine Association of Health Plans ("MEAHP") submits its response to the questions posed by the Superintendent, as follows:

Hospital Initiatives	
Question Posed	Response
<i>For Dirigo:</i> Can you point to evidence in the record that counters the payor intervenors' claim that MaineCare cuts to hospitals were \$24.5 million in SFY 2004 and \$33.7 million in SFY 2005?	The Record contains no such evidence; Wycke and Greene, in their testimony before the Board, admitted that the MaineCare cuts occurred ( <b>AR501, 509-10</b> ) and Chamber Exhibit 10 contains the relevant budget information ( <b>AR 6044</b> ).
<i>For Dirigo:</i> Can you point to evidence in the record that addresses the manner in which cost-based reimbursement adjustments were handled for years other than 2006, and the way in which this approach affects the level and validity of the calculation of the change in the rate of growth in cost per case mix adjusted discharge?	The Record contains no such evidence because there were no such adjustments for years other than 2006.
<i>For MEAHP:</i> Can you point to evidence in the record that documents the degree to which the MaineCare cuts discussed in MEAHP's brief on page 25 would be manifested as cost reductions vs. charge increases?	Schramm and Greene, in their testimony before the Board, admitted that decreased MaineCare reimbursement would cause hospitals to increase cost-shifting ( <b>AR 500, 517</b> ), but quantifying exactly how hospitals actually dealt with the \$58 million MaineCare reduction would require extensive further discovery of hospital

Hospital Initiatives	
Question Posed	Response
	accounting, including questioning hospitals' CFOs, which was not possible given (a) the hospitals were not parties to the proceeding, and (b) the unreasonably (and unconstitutionally) short amount of time DHA afforded MEAHP to develop its case. The Board has not met its burden of proving the reasonableness of its methodology and calculation of Hospital Savings because it does not account for the \$58 million reduction in MaineCare payments to hospitals, which the Superintendent's Year 2 Decision specifically identified as an issue to be addressed ( <b>AR 2983</b> ).
<i>For MEAHP:</i> Can you point to evidence in the record that documents MaineCare cuts to hospitals for SFY2006?	Greene testified that the reduced MaineCare reimbursement rates remain in effect to this day ( <b>AR 510</b> ); moreover, the financial effect of a \$58 million reduction in MaineCare reimbursement from July 1, 2003 to June 30, 2005 undoubtedly continued through 2006 ( <b>AR 228-29, 500, 6865</b> ).
<i>For the Chamber:</i> Can you point to evidence in the record about the average degree to which hospitals in Maine increased outpatient charge levels as compared to increasing inpatient charge levels – that is, relative increases in price changes as opposed to volume changes?	In addition to any answer provided by the Chamber, Keane testified that “in Maine, what you see is that of total hospital charges, it’s almost an even split today between inpatient charges and outpatient charges....And if you look at the actual increase in charges from 2000 to 2006, what you see is that inpatient charges have increased about 50%. Outpatient charges have increased about 125%. Now some of that increase in outpatient charges is attributable to increases in outpatient volume...but some of it has to do with the fact that charges across the country and probably in Maine have been increasing disproportionately in the outpatient area.” ( <b>AR 241-42</b> )

<b>Health Care Provider Fee Initiatives</b>	
<b>Question Posed</b>	<b>Response</b>
<i>For the Chamber:</i> The points raised on page 28 of the Chamber's brief regarding PIP cite to AR 6,049. Can you point to evidence in the admitted record regarding the information contained in AR 6,049?	MEAHP defers to and incorporates the Chamber's response.
<i>For the Chamber:</i> Please identify where in the hearing transcript Chamber Exhibit 10B was offered and admitted into the record?	MEAHP defers to and incorporates the Chamber's response.
<i>For Dirigo:</i> Can you point to evidence in the record to refute the arguments raised by the Chamber about PIP, regarding the general increasing nature of PIP payments and the effect of the tax match on PIP payments and the related time value of money calculation?	There is no such evidence in the Record.
<i>For Dirigo:</i> Can you point to evidence in the record to counter Mercier's testimony that investment income is an offset to interest expense, and would, in the event interest expense exceeds investment income, reduce costs measured in the numerator of the cost/CMAD calculation?	There is no such evidence in the Record.
<i>For Dirigo:</i> Can you point to evidence in the record that investment income exceeds interest expense in Maine, for any individual hospital or in total?	There is no such evidence in the Record.
<i>For the Chamber:</i> Can you point to evidence in the record that contains interest expense and investment income for Maine hospitals, individually and in aggregate?	MEAHP defers to and incorporates the Chamber's response.

<b>Uninsured / Underinsured Initiatives</b>	
<b>Question Posed</b>	<b>Response</b>
<i>For the Payor Intervenors:</i> Can you point to evidence in the record where any party has attempted to quantify how Mr. Burke's calculation should be further adjusted to	Burke's analysis was as exhaustive and thorough as possible given the time DHA afforded MEAHP to develop its case, but the Record contains no such quantification

correct for the alleged misleading characterization of the number of uninsured?	of a further adjustment for the unreasonable definition of uninsured.
<i>For the Payor Intervenors:</i> Can you point to evidence in the record that the “did not responds” break down differently than the “responds” with respect to their previous insurance status?	MEAHP defers to and incorporates the MADAIT’s response.

Dated: September 12, 2007

/s/ D. Michael Frink

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D. Michael Frink, Esq., Bar No. 2637  
George M. Linge, Esq., Bar No. 9723  
CURTIS THAXTER STEVENS BRODER  
& MICOLEAU LLC  
One Canal Plaza, Suite 1000  
P.O. Box 7320  
Portland, Maine 04112-7320  
(207) 774-9000

## **CERTIFICATE OF SERVICE**

I hereby certify that before 12:00 noon on September 12, 2007, a copy of the above filing was served as follows:

1. The original and two (2) hard copies via U.S. Mail addressed to:  
  
Eric A. Cioppa, Acting Superintendent  
Attn: Vanessa J. Leon, Docket No. INS-07-900  
Bureau of Insurance  
Maine Department of Professional and Financial Regulation  
#34 State House Station  
Augusta, Maine 04333-0034
2. One (1) hard copy via U.S. Mail addressed to the Superintendent's legal counsel:  
  
Thomas C. Sturtevant, Jr.  
Assistant Attorney General  
Office of the Attorney General  
#6 State House Station  
Augusta, Maine 04333-0006
3. One (1) hard copy via U.S. Mail addressed to the Superintendent's consultant:  
  
Compass Health Analytics, Inc.  
Attn: John Kelly  
477 Congress Street, 7<sup>th</sup> Floor  
Portland, Maine 04101
4. One (1) identical electronic copy addressed to the following pursuant to the August 7, 2007 Order on Intervention and Procedures, as amended August 16, 2007, and the parties' Designation for Service List filed in this matter:

Vanessa J. Leon	<a href="mailto:Vanessa.J.Leon@maine.gov">Vanessa.J.Leon@maine.gov</a>
Thomas C. Sturtevant, Jr.	<a href="mailto:Tom.Sturtevant@maine.gov">Tom.Sturtevant@maine.gov</a>
Jennifer Willis	<a href="mailto:Jennifer.Willis@maine.gov">Jennifer.Willis@maine.gov</a>
William H. Laubenstein, III.	<a href="mailto:bill.laubenstein@maine.gov">bill.laubenstein@maine.gov</a>
John Kelly	<a href="mailto:jck@compass-inc.com">jck@compass-inc.com</a>
	<a href="mailto:jh@compass-inc.com">jh@compass-inc.com</a>
Mia S. Poliquin Pross, J.D.	<a href="mailto:mpross@mainecahc.org">mpross@mainecahc.org</a>
William H. Stiles, Esq.	<a href="mailto:wstiles@verrilldana.com">wstiles@verrilldana.com</a>
Roy T. Pierce, Esq.	<a href="mailto:rpierce@preti.com">rpierce@preti.com</a>

/s/ D. Michael Frink

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D. Michael Frink, Esq., Bar No. 2637